

STATE OF NEW HAMPSHIRE
BEFORE THE SITE EVALUATION COMMITTEE
Docket No. SEC 2015 - 02

APPLICATION OF ANTRIM WIND ENERGY, LLC
FOR A CERTIFICATE OF SITE AND FACILITY

PREFILED DIRECT TESTIMONY OF HENRY D. WEITZNER AND ERIC SHAW
IN SUPPORT OF ANTRIM WIND ENERGY, LLC

March 3, 2016

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1 **Qualifications of Henry Weitzner**

2 **Q. Please state your name and business address.**

3 A. My name is Henry Weitzner. My business address is 40 Worth Street, 10th Floor,
4 New York, NY.

5 **Q. Who is your current employer and what position do you hold?**

6 A. I am the co-founder, along with Sarah Valdovinos and George Manahilov, of
7 Walden Green Energy, LLC (“Walden”), a privately held global developer, owner and operator
8 of renewable energy projects. Walden has significant experience in the financing of energy
9 projects, from large utility-scale projects to smaller-scale distributed generation projects. Walden
10 has developed, financed, constructed and either currently operates, or sold upon completion, over
11 10 MW of renewable generation assets in Massachusetts and Vermont, and is currently
12 developing over 200 MW of wind, solar and hydro generation assets, including Antrim Wind, in
13 the United States, Latin America and Central Eastern Europe.

14 **Q. Please briefly summarize your educational background, work experience,**
15 **and qualifications.**

16 A. I have more than 25 years of experience in, and as such have a deep familiarity
17 with, the energy and commodities business. Prior to founding Walden, I founded and was the
18 sole proprietor of Walden Renewables LLC, a company that invested in renewable energy
19 projects in the Northeast. From 2011 to 2013, Walden Renewables LLC developed, constructed,
20 owned and/or sold six projects with a combined capacity of approximately 10MW and total
21 capital expenditures of approximately \$25 million. In the decade before I founded Walden

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1 Renewables LLC, from 2001 to 2011, I held various positions of increasing leadership at
2 Barclays Capital Commodities, a division of Barclays Bank PLC, in New York. From 1993 to
3 2001, I was a Vice President in JP Morgan's options business and before that I held positions of
4 increasing responsibility in Societe Generale's foreign exchange options business.

5 In the course of my professional career, I have managed a team of thirty traders and
6 structurers across a diverse range of commodity products, including power, renewable energy
7 certificates, natural gas, coal, emissions, and forest products, with full responsibility for all
8 related risks. I have negotiated and risk-managed numerous power purchase agreements, energy
9 off-take agreements, and supply management contracts with wind farms, gas-fired power plants
10 and LNG facilities. I also collaborated (with George Manahilov) in structuring and hedging the
11 largest volumetric production payment facility to date with a premier US natural gas producer,
12 generating valuation of over \$1 billion, and have provided capital through inventory
13 monetization of natural gas storage facilities across the US totaling over \$1 billion.

14 I hold a Bachelor of Arts Degree from Columbia University in New York.

15 **Q. Please describe the relevant experience of Walden.**

16 A. The Walden management team has a combined 45 years of experience in
17 structuring power purchase agreements and hedging strategies for energy clients globally, and
18 has successfully financed more than \$5 billion of power generation and oil and gas energy
19 infrastructure assets. Its founders worked together for many years at leading financial institutions
20 including Barclays, Goldman Sachs, and JP Morgan, and members of the Walden management
21 team have structured, led and executed a number of prominent hedging, off-take and financing

1 transactions for utilities, independent power generators, and energy producers. The Walden team
2 has raised many billions of dollars in debt, equity, and inventory monetizations, covering
3 numerous commodity and energy related markets. Walden's founders are intimately familiar
4 with the requirements for a successful financing of a wind project such as Antrim Wind.
5 Examples of relevant energy-related transactions led and executed by the Walden management
6 team are described in the Application of Antrim Wind Energy, LLC ("AWE").

7 **Qualifications of Eric Shaw**

8 **Q. Please state your name and business address.**

9 A. My name is Eric Shaw. My principal business address is 1095 Avenue of the
10 Americas, Floor 32, New York, NY 10036.

11 **Q. Who is your current employer and what position do you hold?**

12 A. I am currently Global Head of Principal Investments for RWE Supply & Trading
13 ("RWEST"), as well as Chief Executive Officer of RWE Trading Americas Inc. RWEST is a
14 wholly owned subsidiary of RWE AG, one of Europe's top electric and gas companies and
15 Germany's second largest utility (collectively with RWEST referred to in this testimony as
16 "RWE"). RWEST's Principal Investments group invests the capital of RWE in assets and
17 companies where RWEST can leverage its physical and financial commodity trading capabilities
18 to identify attractive opportunities and manage embedded commodity risks , and generate strong
19 investment returns for RWE. RWEST is a leading European energy trading house and acts as the
20 link between RWE's operating companies and global wholesale markets for energy and energy-
21 related raw materials in both their physical and/or derivative forms. RWEST's traded products

1 include power, gas, coal, freight, oil, weather derivatives, biomass, emissions certificates and
2 output from renewable energy projects. RWEST's headquarters in Germany is home to Europe's
3 largest energy trading floor, complementing a network of additional trading floors and
4 subsidiary, affiliate and branch offices in the United States, Europe, and Asia.

5 **Q. Please briefly summarize your educational background, work experience,**
6 **and qualifications.**

7 A. I have over 25 years experience in the energy sector, with extensive experience
8 developing, investing in, owning and selling energy projects on a global scale. Prior to joining
9 RWEST I held positions as Head of Commodity Principal Strategies at Citigroup, leading
10 Citigroup Commodities' principal investment efforts and structuring commodity-linked
11 structured deals and investments in the energy sector. Prior to that, I held similar positions at
12 Barclays Capital and a leading European based energy merchant, focusing on the origination and
13 execution of principal investments and of long-term structured deals in power and natural gas.
14 Early in my career I spent a number of years working for Kenetech Corporation, the parent
15 company of US Windpower, the predecessor for GE Wind. I have an AB degree from The Johns
16 Hopkins University and a Masters of Business Administration degree from Boston University's
17 Questrom School of Business.

18 **Q. Please generally describe the relevant business aspects of RWE.**

19 A. RWE, as one of Europe's five leading electric and gas companies, has extensive
20 experience and a proven track record in the development and financing of wind power projects,
21 as well as successfully bringing such projects into operation. Founded in 1898 in Essen,

1 Germany, RWE has a market capitalization of \$12.9 billion, assets of \$104.4 billion (as of
2 December 31, 2014), and 2014 operating revenues of \$63.3 billion. RWE and its affiliates have
3 49,064 MW of electric generation capacity throughout Europe, and have developed, financed,
4 constructed and operate 3,112 MW of renewable generation assets, including 2,530 MW of
5 onshore and offshore wind assets.

6 **Purpose of Testimony**

7 **Q. What is the Purpose of your testimony?**

8 A. The purpose of our testimony is to address the financial capabilities of Antrim
9 Wind Energy ("AWE") to assure construction and operation of the Antrim Wind Project (the
10 "Project") in continuing compliance with the terms and conditions of a Certificate of Site and
11 Facility issued by the New Hampshire Site Evaluation Committee ("SEC") as a result of this
12 proceeding. Mr. Weitzner also addresses the technical and managerial capability of the AWE
13 management team and their ability to assure the safe and reliable construction and operation of
14 the Project in conjunction with Reed & Reed, Siemens and DNV-GL.

15 **Financial Capability to Construct and Operate the Project**

16 **Q. Mr. Weitzner - Please describe the Ownership Structure of the Applicant,**
17 **Antrim Wind Energy, LLC ("AWE") and the relationship between AWE, Walden, and**
18 **RWE.**

19 A. AWE is a Delaware limited liability company incorporated in 2009 to develop,
20 construct, own and operate the Project. Eolian Renewable Energy, LLC ("Eolian") was the
21 original developer of the Antrim Wind Project ("Project"). and AWE became a partnership

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1 between Eolian and Walden in February 2015. In March, 2016, Walden acquired Eolian through
2 an Asset Purchase Agreement, which included all of Eolian's membership interests in AWE. As
3 a result, AWE is now jointly-100% owned by Walden through two wholly owned subsidiaries,
4 Walden Green Energy Northeast Wind LLC, a wholly-owned subsidiary of and Walden Antrim
5 LLC, and Eolian Antrim LLC, a wholly owned subsidiary of Eolian Renewable Energy LLC
6 ("Eolian"). Eolian, which is headquartered in Portsmouth, New Hampshire, was formed in 2009
7 to manage the development, construction, and operation of utility-scale wind energy facilities in
8 New England, and is the original developer of the Project. In February 2015, Eolian and Walden
9 entered into a Limited Liability Company Agreement to advance the Project through
10 development, financing, construction and operation. The two companies have been working
11 together since 2013 and are partnered on other projects in the region.

12 Walden, ~~the majority and controlling shareholder of AWE,~~ is jointly controlled by its
13 founding partners and RWEST. RWE's Principal Investments team ("RWE PI") resides within
14 RWEST and manages RWEST's investment in Walden. RWE PI invests RWE's capital by
15 providing equity to energy companies and investing in energy assets. RWE PI focuses on
16 investments where RWE has deep knowledge of the underlying commodity and where it brings
17 physical trading capabilities to manage commodity risk for the investment. In its investments
18 RWE PI leverages RWE's broader organizational engineering, operations and power market
19 expertise as well as its track record of successfully managing its large power generation
20 portfolio. In 2014 RWE invested \$4.2 billion in property, plant and equipment, of which \$929

1 million was allocated to renewable assets. Examples of RWE's relevant energy-related
2 transactions are described in AWE's Application.

3 **Q. Please describe the Project Financing Plan of Walden, ~~Eolian~~, and RWE (the**
4 **"Project Sponsors").**

5 A. The Project Sponsors will use a traditional project finance approach consistent
6 with market standards in the United States wind industry. The financing will consist of two
7 phases ~~- a Construction Financing Phase and an Operational Permanent Financing~~
8 ~~Phase. The construction financing phase will,~~
9 ~~comprise consist of~~ a construction loan and construction equity to complete the turnkey
10 construction process; ~~and permanent financing phase, during which the construction loan will~~
11 ~~convert to a "term loan" after the Project becomes operational. Once the Project is operational,~~
12 ~~a tax equity investor will come in and replace part of the construction loan, which will convert to~~
13 ~~a "term loan". As a result, the Projects' permanent capital structure will be comprised of tax~~
14 ~~equity, bank term loan, and common equity, thus completing the Permanent Financing Phase. the~~
15 ~~construction equity will convert to permanent equity, and a portion of the construction loan will~~
16 ~~be converted to a permanent loan, and the balance of the construction loan will be replaced by~~
17 ~~tax equity. After the project is operational, the cash flow generated from electricity~~
18 ~~production and sales will be used to amortize the term loan. This is the most commonly utilized~~
19 financing structure for funding wind projects in the United States, representing over \$60 billion
20 of financings completed in the past 5 years. In 2015 alone, \$17 billion of bank construction
21 loans and \$6.4 billion of tax equity was deployed in 40 wind projects in the U.S. over \$60

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1 ~~billion over the past five years in completed financings. As the majority owner and controlling~~
2 ~~shareholder of the Project,~~ Walden will provide the equity to construct and operate the Project.

3 **Q. Mr. Weitzner, how will the construction financing be structured?**

4 A. As noted above, Walden, backed by RWE, will provide all of the construction
5 equity required to complete the Project. Securing the construction equity for the Project will be a
6 requirement to close on the construction debt financing. The construction loan will be a “non-
7 recourse” project loan secured by collateral consisting of all project assets, including the
8 turbines, equipment and buildings, leases, PPAs, and service agreements. Lending banks
9 typically require that several conditions precedent be met before providing a final funding
10 commitment for a construction loan. In this case, those conditions will include:

- 11 • The issuance of a Certificate of Site and Facility;
- 12 • Execution of a long-term PPA or financial hedge with a bankable investment-
13 grade rated counterparty;
- 14 • Execution of an acceptable turbine supply agreement (“TSA”);
- 15 • Execution of an acceptable balance of plant construction (“BOP”) agreement; and
- 16 • Negotiation of acceptable operations and maintenance (“O&M”) agreements for
17 the ongoing maintenance of the Project.

18 Based on the results of recent RFPs issued by New England utilities, as well as bilateral
19 discussions with interested parties, AWE is confident that it will be able to secure a long-term
20 PPA contract or a financial hedge that will support a successful financing. ~~Henry, shouldn't we~~

21 ~~be more specific here on PPA negotiations, do you want to leave only Altanex?~~ AWE has

22 received a letter of interest from Altenex, a leading energy management company that sources

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1 clean energy supply for Fortune 500 companies, demonstrating the strong interest in purchasing
2 AWE's electricity and clean energy attributes on a long-term basis. That letter is included in
3 Appendix 18A. Furthermore, it has entered into a binding memorandum of understanding
4 ("MOU") with Siemens for a TSA and service and maintenance agreement ("SMA") to be
5 executed after issuance of a Certificate of Site and Facility. AWE has also entered into a
6 preconstruction services agreement ("PSA") with Reed and Reed, a premier wind project
7 construction firm in New England, which will be replaced by a BOP agreement upon issuance of
8 a Certificate.

9 AWE's construction financing plan is structured to comply with market standard
10 underwriting criteria for project lenders, which are described more fully in AWE's application.
11 Assuming that AWE secures a long-term PPA at current market rates, a construction cost of
12 approximately \$63-65 million, and the criteria required by lenders, the Project's construction will
13 be funded with a ~~\$5038-5545~~ million construction loan converting to a term loan, and ~~\$10-1320-~~
14 ~~25~~ million of equity. Due to the strength of the Project and the experience of the Project's
15 Sponsors, AWE has obtained Letters of Intent ("LOIs") from two separate commercial banks
16 with considerable experience in lending to utility scale wind projects that are interested in
17 providing the construction debt financing package for the Project, and will seek the most
18 competitive terms. ~~In addition Walden has had a number of conversations with potential tax~~
19 ~~equity providers that are interested in the Project.~~ To the extent that assumptions or actual
20 conditions change with respect to PPA price or other factors, Walden's equity contribution and
21 resulting overall financing structure will be adjusted accordingly.

1 Q. Mr. Weitzner, how will the ~~construction~~ Construction financing ~~Financing~~
2 ~~phase~~ Phase transition into the ~~permanent~~ Permanent financing ~~Financing phase~~ Phase?

3 A. Construction financing will convert to permanent financing upon the completion
4 of the Project construction and AWE's acceptance of the turnkey facility from Reed & Reed and
5 Siemens. As noted above, Walden, backed by RWE, will provide 100% of the construction
6 equity, which will be deployed in full to bring the Project to commercial operation. At that stage,
7 a tax equity investor will come into the Project to claim the Production Tax Credits ("PTC").
8 The tax equity capital will replace a portion of the construction loan and become the third piece
9 of the capital stack, and -the remaining portion of the construction loan will convert to a term
10 loan. a portion of the construction loan will convert into a term loan, which will be repaid by the
11 Project's cash flow from operations and the remaining portion will be replaced by tax equity. In
12 addition Walden has had a number of conversations with potential tax equity providers that is
13 already in discussion with several of the largest U.S. tax equity investors who executed more
14 than \$6.4 billion of deals in 2015, and are interested in the Project. AWE has received LOIs
15 from several large commercial banks experienced in providing project construction loans to wind
16 projects in the US, and will seek the most competitive term.s.

17 Market standard criteria for the ~~issuance of project debt~~ debt ~~and~~ and tax equity, which
18 require that the Project demonstrate sufficient contracted cash flow net of all project expenses to
19 service tax equity payments and a certain multiple of debt principal and interest payments,
20 ensure that the Project will have sufficiently strong revenues for its continued operation in

1 compliance with all conditions contained in a Certificate and industry best practices once
2 permanent financing is closed.

3 ~~AWE notes that it has made the conservative assumption that there will be no Production~~
4 ~~Tax Credit ("PTC") available at the time of starting the Project's construction. In the event that~~
5 ~~the PTC is renewed and available to the Project, AWE will adjust the structure to include a tax~~
6 ~~equity provider to the Project. If utilized, the tax equity provider will act in a similar manner as~~
7 ~~project debt, which has been a very standard funding structure for U.S. wind projects that can~~
8 ~~utilize the PTC.~~

9 **Technical and Managerial Capability to Construct and Operate the Project**

10 **Q. Mr. Weitzner - How will your previous work experience help you in the**
11 **managerial and technical aspects of the Project?**

12 A. Walden's management team has extensive relevant experience that demonstrates
13 our ability to effectively set up, manage, and fund the operation of high-value, complex energy
14 infrastructure projects. Some examples include: (i) Walden principals have hired staff and
15 established the necessary processes to manage the exacting requirements around transporting
16 natural gas from a floating LNG facility; (ii) Walden principals have created the trading
17 infrastructure to accurately price and manage natural gas storage deals with a duration of over 10
18 years; (iii) Walden principals have set up the infrastructure to be able to finance the physical
19 delivery of oil and gas molecules, and the supply and offtake of refined petroleum products such
20 as heating oil and diesel. Walden also has direct experience in developing, financing and
21 operating diverse renewable energy projects (solar PV, solar thermal and hydro). In the case of

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1 the Antrim Project, Walden has sought out and engaged additional expertise that is specific to the
2 wind industry with relevant regional experience to ensure that the project will be built and
3 operated in a manner that is consistent with or exceeds industry standards for safety and
4 reliability. Managing these types of relationships for complex energy projects is a core element
5 of the Walden team's deep experience. With its recent acquisition of Eolian, Walden now also
6 benefits from the long history that the members of Eolian's senior management, who have joined
7 the Walden team and remain as Executive Officers of AWE, have with the Antrim Project.

8 **Q. Mr. Weitzner - How did AWE select the current team of partners for the**
9 **Project?**

10 A. Siemens, Reed & Reed, and DNV-GL are all recognized as industry leaders with
11 impeccable reputations and abundant experience in their fields as evidenced in this Application
12 and Appendices 19A, 19B and 19C. Reed & Reed has been involved in this project since 2010
13 and since that time their impressive wind energy experience in New England has only grown -
14 they are the undisputed leader in wind construction in New England. The Siemens turbines are
15 very well suited to the Project site, combining the ability to generate significant amounts of clean
16 electricity with a smaller footprint (e.g. 3.2 MW of generation from a smaller machine than the
17 previous 3.0 MW turbine) and their turbines have an excellent reputation for reliability. Siemens
18 operations staff is also regarded as among the best in the industry. Finally, the depth and breadth
19 of the experience of DNV-GL makes them an obvious choice for owner's engineer. DNV-GL
20 has also been involved with the Antrim Project since 2012 in various capacities. As a final

1 component of our diligence, we have confirmed the qualifications of all these parties with bank
2 lenders who had worked with each party in the past and hold them in the highest regard.

3 **Q. Who will be responsible for managing these contracts and any staff that**
4 **AWE will hire for the Project?**

5 A. As ~~controlling owner in~~ the sole owner of AWE, Walden will be responsible for
6 managing these contractual relationships and AWE staff. With the assistance of DNV-GL acting
7 as AWE's owner's engineer, Walden will negotiate and finalize the TSA and SMA with Siemens
8 and the BOP contract with Reed & Reed after a Certificate is issued. Walden will also work with
9 DNV-GL to hire and train the two on-site AWE staff described in the Application. Siemens,
10 Reed & Reed and AWE staff will all report directly to the Walden management team in their
11 capacity as Executive Officers of AWE.

12 **Conclusions**

13 **Q. Mr. Weitzner - in your opinion, does AWE possess the requisite financial**
14 **capability to assure construction and operation of the facility in continuing compliance**
15 **with the terms and conditions of a Certificate?**

16 A. Yes. As discussed above, 100% of the equity required to construct the Project and
17 place it into commercial operation will be provided by Walden, with the backing of RWE.
18 Moreover, AWE has lined up many of the conditions precedent to securing a construction loan,
19 and with the issuance of a Certificate in this Docket expects to obtain a construction loan on
20 favorable terms. Additionally, as a condition to granting the Certificate, AWE is willing to agree
21 to provide evidence that the financing required for the construction of the Project is in place prior

1 to commencement of construction. The appealing economics of the Project, in combination with
2 Walden's deep experience in managing energy project financings and the backing of RWE, have
3 already attracted interest from project lenders and tax equity providers. The experience of the
4 Project Sponsors, their ability to deploy the equity and secure a construction loan ensure that the
5 Project may be constructed, owned, and operated in continuing compliance with the terms and
6 conditions of a Certificate.

7 **Q. Mr. Weitzner - In your opinion, does AWE possess the requisite technical**
8 **and managerial capability to assure construction and operation of the facility in continuing**
9 **compliance with the terms and conditions of a Certificate?**

10 A. Yes. The significant experience of ~~the Walden members of~~ AWE's ownership and
11 management team, backed by the global experience of RWE and combined with the industry
12 leading capabilities of AWE's selected consultants and contractors at Reed & Reed, Siemens and
13 DNV-GL, demonstrates that AWE has all of the requisite technical and managerial capability to
14 construct and operate the facility in continuing compliance with the terms and conditions of a
15 Certificate.

16 **Q. Does this conclude your testimony?**

17 A. Yes.

18